

# **TOWN OF DAVIE**

## **TOWN COUNCIL AGENDA REPORT**

**TO:** Mayor and Council Members

**FROM/PHONE:** Bill Underwood/797-1050

**DOCUMENT PREPARED BY:** Bill Underwood/797-1050

**SUBJECT:** Resolution

**AFFECTED DISTRICT:** N/A

**TITLE OF AGENDA ITEM:** A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA AMENDING THE TOWN OF DAVIE MONEY PURCHASE PLAN IN ACCORDANCE WITH FEDERAL REGULATIONS AND PROVIDING AN EFFECTIVE DATE.

**REPORT IN BRIEF:** The Internal Revenue Service and Department of Labor have issued various final regulations pursuant to the EGTRA Section 657 adopted by Congress in 2001. The accompanying resolution is necessary to update language within the defined contribution plan (401 (a)) to modify the automatic roll over rules that are affected when employee leaves employment of the Town.

The current plan allows for mandatory cashouts of \$5,000. The new rules allow a lesser amount, up to \$1,000. Without this amendment, the Town will have to provide a rollover into an Individual Retirement Account (IRA) selected by the Town's fiduciaries.

**PREVIOUS ACTIONS:** Resolution No. R98-265 (currently the most recent Plan restatement) and Plan amendments R98-335, R2002-16, R2002-251 and R2004-006.

**CONCURRENCES:** The Town's benefit consultants and the Budget & Finance Department concur on the recommendation to approve this resolution.

**FISCAL IMPACT:**

Has request been budgeted? N/A

If yes, expected cost: N/A

Additional Comments: N/A

**RECOMMENDATION(S):** Motion to approve the resolution

**Attachment(s):**

Resolution

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA AMENDING THE TOWN  
OF DAVIE MONEY PURCHASE PLAN IN ACCORDANCE WITH FEDERAL  
REGULATIONS AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town provides a defined contribution pension plan (Plan) for its covered employees; and

WHEREAS, the Plan was restated in 1998 by Resolution R98-265 and has subsequently been amended by various reasons by Resolutions R98-265, R2002-16, R2002-251 and R2004-006; and

WHEREAS, the federal government through its various agencies routinely updates the rules and regulations governing such plans; and

WHEREAS, it is in the best interest in the Town of Davie to update certain language in the Plan to comply with federal regulations and to reflect mandatory roll over distribution:

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE,  
FLORIDA:

SECTION 1. Effective March 28, 2005, Section 10.14 of the Plan is amended in its entirety and shall read as follows:

“10.14 Distribution of Accounts: \$1,000 or Less. Notwithstanding any other Plan provision, a Participant or beneficiary whose Account value is one thousand dollars (\$1,000) or less shall receive a lump sum distribution as soon as administratively practicable after the Participant’s termination of employment. The distribution shall be valued as of the Valuation Date on which the Trustee issues a check for the balance of the Account. In determining the Account value for purposes of this Section, amounts attributable to the Participant’s Rollover Account shall be included in the determination.”

SECTION 2. This resolution shall take effect on March 28, 2005.

PASSED AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2005.

\_\_\_\_\_  
MAYOR/COUNCILMEMBER

Attest:

\_\_\_\_\_  
Town Clerk

APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2005